Media Release

COMET Group: Strong and profitable growth in first half of 2010

Flamatt, Switzerland – August 19, 2010 – In the first half of 2010 the COMET Group benefited very visibly from the economic upswing in its key markets, achieving substantial sales growth of 38% from one year earlier, to CHF 97.2 million. This together with the previous year's successful reduction of the cost base led to operating income (EBIT) of CHF 6.3 million and net income of CHF 2.1 million.

The COMET Group took advantage of the tangible improvement in its markets to expand net sales by 38.4% compared with the prior year's first half, to a total of CHF 97.2 million (prior year: CHF 70.2 million). At constant exchange rates this represents revenue growth of 43.6%, to which both divisions contributed, although to different degrees. The Group's strongest growth by far was achieved in the semiconductor market. Demand also increased in the automotive, aerospace, electronics and steel industries. Geographically, this was reflected especially in strong sales growth in North America and Asia.

The higher unit sales and the previous year's effective measures to boost efficiency led to a marked improvement in profitability. The Group recorded positive operating income (EBIT) of CHF 6.3 million in the first six months of 2010 (HY1 2009: loss of CHF 12.9 million after special charges). At EBITDA level, earnings were CHF 12.3 million (HY1 2009: loss of CHF 5.7 million after special charges).

As a result of a growth-induced increase in net working capital and the expansion of production capacity, COMET registered a negative free cash flow of CHF 2.2 million. The equity ratio increased slightly from the end of 2009, to 49.3%.

Modules & Components division
Buoyed by the strong demand especially in the semiconductor market, the Modules & Components division took in CHF 63.8 million, a powerful increase of 79.6% in sales from the year-earlier period (CHF 35.5 million). This represents growth of 86.0% when currency effects are excluded. The high sales with existing and new customers and the efficiency improvements launched last year had a pronounced positive impact on earnings, with EBITDA of CHF 13.3 million (prior year: loss of CHF 0.7 million after special charges).

Within Modules & Components, the **Industrial X-Ray** product area increased its sales to CHF 28.2 million or by 9.2% from the prior year's first half (CHF 25.9 million), thanks both to rising demand in the markets for non-destructive testing (automotive and aircraft industries) and thickness measurement (steel industry), and the successful launching of new products.

COMET HOLDING AG
Herrengasse 10, CH-3175 Flamatt
T +41 31 744 90 00, **F** +41 31 744 90 90
info@comet.ch, www.comet.ch

In constant-currency terms, Industrial X-Ray's sales even grew by 12.9%. Next to ongoing programmes to optimize profit margins, a particularly positive driver was the relocation of the generator business in fall 2009 from Hamburg to Flamatt. Both of these factors resulted in significant profitability growth from the prior-year comparative period.

The **Vacuum Capacitors** product area was able to nearly quadruple its net sales in the first half of the year to a new all-time high of CHF 35.5 million (from CHF 9.6 million in HY1 2009). Thanks to various new RF modules, innovative products, lean and flexible processes and effective marketing, Vacuum Capacitors fully exploited the vigorous recovery in the semiconductor market and parts of the flat panel market and significantly expanded its market position. As planned, Vacuum Capacitors ramped up production in Shanghai for the assembly of RF modules, boosting the share of RF modules in the product area's sales mix to 45%. In addition, with the newly launched Solacon capacitor, developed specifically for the solar market, an important foundation was laid for future new sources of revenue.

Systems division
Thanks to the rising demand in the automotive market (notably the tire and wheel segment) and the aerospace and electronics industries, the Systems division recorded brisk new orders of CHF 62.0 million, with a book-to-bill ratio of 1.41. As a result of structurally induced longer production lead times in the system business, however, these strong new orders will not unfold their full effect on sales and earnings until the second half of the year. Sales in the Systems division, at CHF 43.9 million, were therefore only slightly above the year-earlier level of CHF 43.4 million. On a constant-currency basis, the division's sales grew by 5.2%. At EBITDA level, the Systems division posted a loss of CHF 0.8 million (HY1 2009: loss of CHF 5.6 million after special charges). However, with its comfortable book-to-bill ratio and the measures taken to increase efficiency and adjust production capacity and delivery processes to the heightened demand, Systems heads into the second half of the year with confidence.

Outlook
The positive trend in the COMET Group's key markets justifies optimism for the second half of the year. Based on the assumption that the economic recovery continues, the management and Board of Directors are projecting a somewhat stronger second half of the year overall and are now targeting full-year growth of about 30% in sales to approximately CHF 200 million, with an EBIT margin of more than 5%.

Financial statements for the first half of 2010
The COMET Group's 2010 half-year report is available online at www.comet.ch/en/investor-relations/financial-reports-presentations/semiannual-reports.

COMET HOLDING AG
Herrengasse 10, CH-3175 Flamatt
T +41 31 744 90 00, **F** +41 31 744 90 90
info@comet.ch, www.comet.ch

Media and analyst conference
At 10:00 a.m. today, COMET will present the published financial results for the first half of 2010 at the media and analyst conference in Zurich (SIX Swiss Exchange, Convention Point, Selnaustrasse 30).

For further information, please contact
Hans Hess
Chairman of the Board and Managing Director
T +41 31 744 9909
hans.hess@comet.ch

Key dates

November 18, 2010	Investor Day
March 23, 2011	Publication of annual report 2010

The COMET Group is one of the world's leading manufacturers of systems and components for the non-destructive testing, security and semiconductor markets. Since acquiring YXLON, the COMET Group has been the global market leader in X-ray-based non-destructive testing and examination. Based on the core competencies of vacuum technology, high voltage engineering and materials science, as well as the core products of X-ray tubes and vacuum capacitors, COMET supplies a complete and highly flexible range of components, modules, systems and services from a single source.
COMET was founded in 1948 and is based in Flamatt near Berne, Switzerland. Today the COMET Group, which in 2010 brought its visual identity into line with the formal organizational structure through the new "COMETGROUP" logo, has a presence in all world markets. The company manufactures in Switzerland, Germany, Denmark and China, and has sales and service subsidiaries in the USA, China and Japan. The business segments are reflected in the divisions for OEM and end-customer business. COMET's stock (COTN) is listed on the SIX Swiss Exchange.

Consolidated balance sheet
(unaudited)

In thousands of CHF	June 30, 2010	%	Dec. 31, 2009	%	Change	June 30, 2009
Assets						
Cash and cash equivalents	16 745		24 187		-7 442	21 350
Trade and other receivables	40 985		39 509		1 476	32 607
Tax receivables	121		435		-314	-
Inventories	42 725		35 521		7 204	39 824
Prepaid expenses	1 535		1 195		340	1 870
Total current assets	**102 112**	**46.2%**	**100 847**	**43.9%**	**1 265**	**95 651**
Property, plant and equipment	56 968		59 324		-2 356	60 136
Intangible assets	59 735		66 650		-6 915	69 892
Non-current financial assets	-		-		-	29
Employee benefit plan assets	2 053		2 053		-	2 238
Deferred tax assets	307		729		-423	903
Total non-current assets	**119 063**	**53.8%**	**128 756**	**56.1%**	**-9 694**	**133 198**
Total assets	**221 174**	**100.0%**	**229 603**	**100.0%**	**-8 428**	**228 850**
Liabilities and shareholders' equity						
Current debt	22 866		23 333		-467	17 825
Trade and other payables	17 052		21 066		-4 014	13 127
Tax payables	1 243		923		320	871
Accrued expenses	9 970		6 719		3 251	7 208
Current provisions	2 784		2 585		199	4 854
Total current liabilities	**53 915**	**24.4%**	**54 626**	**23.8%**	**-711**	**43 885**
Long-term debt	52 217		55 426		-3 209	57 993
Non-current provisions	597		784		-187	844
Employee benefit plan liabilities	3 480		4 043		-563	4 181
Deferred tax liabilities	1 950		2 352		-402	7 428
Total non-current liabilities	**58 244**	**26.3%**	**62 605**	**27.3%**	**-4 361**	**70 446**
Total liabilities	**112 160**	**50.7%**	**117 231**	**51.1%**	**-5 072**	**114 331**
Capital stock	7 575		7 575		-	7 575
Additional paid-in capital	63 745		63 745		-	64 048
Retained earnings	52 276		50 536		1 740	50 175
Currency translation differences	-14 581		-9 484		-5 097	-7 279
Total shareholders' equity	**109 015**	**49.3%**	**112 372**	**48.9%**	**-3 357**	**114 519**
Total liabilities and shareholders' equity	**221 174**	**100.0%**	**229 603**	**100.0%**	**-8 429**	**228 850**

Consolidated statement of income
(unaudited)

In thousands of CHF	Six months to June 30 2010	2009	Change Absolute	%
Net sales	**97 183**	**70 218**	**26 965**	**38%**
Cost of sales	-58 960	-48 425	-10 535	22%
Gross profit	**38 223**	**21 794**	**16 430**	**75%**
Other operating income	1 745	1 579	166	10%
Development expenses	-10 154	-9 171	-983	11%
Marketing and selling expenses	-10 958	-9 518	-1 439	15%
General and administrative expenses	-12 558	-11 436	-1 121	10%
Operating income/(loss) before special charges	**6 298**	**-6 754**	**13 052**	**-**
Special charges	-	-6 144	6 144	-
Operating income/(loss) (EBIT)	**6 298**	**-12 898**	**19 196**	**-**
Net financing expense	-2 135	-720	-1 415	197%
Income/(loss) before tax	**4 163**	**-13 618**	**17 780**	**-**
Income tax	-2 054	526	-2 580	-
Net income/(loss)	**2 109**	**-13 092**	**15 200**	**-**
Amortization	2 667	3 347	-680	-20%
EBITA	**8 965**	**-9 551**	**18 515**	**-**
Depreciation	3 335	3 871	-536	-14%
EBITDA	**12 300**	**-5 680**	**17 979**	**-**
Earnings per share (in CHF), diluted and basic	**2.78**	**-17.39**	**20.18**	**-**
Operating income/(loss) before special charges	**6 298**	**-6 754**	**13 052**	**-**
Amortization excluding special charges	2 667	2 661	6	0%
EBITA before special charges	**8 965**	**-4 093**	**13 057**	**-**
Depreciation excluding special charges	3 335	3 310	25	1%
EBITDA before special charges	**12 300**	**-783**	**13 082**	**-**

Statement of comprehensive income
(unaudited)

In thousands of CHF	Six months to June 30 2010	2009	Change Absolute	%
Net income/(loss)	**2 109**	**-13 092**	**15 201**	**-**
Other comprehensive income				
Foreign currency translation differences	-5 097	2 414	-7 511	-
Total other comprehensive (loss)/income	**-5 097**	**2 414**	**-7 511**	**-**
Total comprehensive (loss)	**-2 989**	**-10 678**	**7 689**	**-72%**

COMET HOLDING AG
Herrengasse 10, CH-3175 Flamatt
T +41 31 744 90 00, **F** +41 31 744 90 90
info@comet.ch, www.comet.ch

Consolidated statement of cash flows
(unaudited)

In thousands of CHF	Six months to June 30 2010	2009	**Change**
Net cash provided by operating activities	-610	4 962	-5 571
Net cash used in investing activities	-1 560	-2 307	747
Free cash flow	***-2 169***	***2 655***	***-4 824***
Net cash used in financing activities	-5 378	-7 801	2 422
Currency translation gains/(losses) on cash	106	97	9
Net change in cash and cash equivalents	**-7 442**	**-5 049**	**-2 393**
Cash and cash equivalents at January 1	24 187	26 399	-2 212
Net change in cash and cash equivalents	-7 442	-5 049	-2 393
Cash and cash equivalents at June 30	**16 745**	**21 350**	**-4 605**

The cash flows from operating activities previously reported for the first half of 2009 have been adjusted by the interest paid. Interest paid is now reported in cash flows from financing activities. Except for the amount of free cash flow reported, this reclassification has no effect on the financial performance or financial position presented. Interest paid was CHF 1,683 thousand in the first half of 2010 and CHF 1,599 thousand in the first six months of 2009.

Consolidated statement of changes in equity
(unaudited)

In thousands of CHF	**Capital stock**	**Additional paid-in capital**	**Treasury stock**	**Retained earnings**	**Currency translation differences**	**Total shareholders' equity**
December 31, 2008	**7 508**	**63 391**	**-**	**65 519**	**-9 692**	**126 726**
Net loss	-	-	-	-13 092	-	-13 092
Currency translation differences	-	-	-	-	2 414	2 414
Comprehensive income	***-***	***-***	***-***	***-13 092***	***2 414***	***-10 678***
Dividends paid	-	-	-	-2 252	-	-2 252
Share-based compensation	66	657	-		-	723
June 30, 2009	**7 575**	**64 048**	**-**	**50 175**	**-7 279**	**114 519**
December 31, 2009	**7 575**	**63 745**	**-**	**50 536**	**-9 484**	**112 372**
Net income	-	-	-	2 109	-	2 109
Currency translation differences	-	-	-	-	-5 097	-5 097
Comprehensive income	***-***	***-***	***-***	***2 109***	***-5 097***	***-2 989***
Dividends paid	-	-	-	-379	-	**-379**
Acquisition of treasury stock	-	-	-174	-	-	**-174**
Share-based compensation	-	-	174	10	-	**183**
June 30, 2010	**7 575**	**63 745**	**-**	**52 275**	**-14 581**	**109 015**

COMET HOLDING AG
Herrengasse 10, CH-3175 Flamatt
T +41 31 744 90 00, **F** +41 31 744 90 90
info@comet.ch, www.comet.ch

Notes to the Consolidated Financial Statements

Significant accounting policies

The half-year report for the six months ended 30 June 2010 presents the consolidated financial statements of COMET HOLDING AG and its directly or indirectly controlled subsidiaries. The report was prepared in accordance with IAS 34, Interim Financial Reporting, which forms part of the International Financial Reporting Standards (IFRS). The half-year report does not contain all information included in annual accounts and should therefore be read in conjunction with the consolidated financial statements for 2009. The half-year report has not been audited by the independent auditors.

Changes in reporting and valuation methods

The accounting principles applied in the half-year report are those described in the 2009 consolidated financial statements, except for the changes set out below.

- In the consolidated statement of cash flows, interest paid is now included in cash flows from financing activities and no longer in cash flows from operating activities. The amounts for the comparative period (the first half of the 2009 fiscal year) were restated accordingly.

With effect from 1 January 2010, COMET has applied the following new or revised IFRS/IAS for the first time:

- IFRS 2 – Share-based Payment (amendments that replace IFRIC 8 and IFRIC 11)
- IFRS 3 – Business Combinations
- IAS 27 – Consolidated and Separate Financial Statements
- IAS 39 – Financial Instruments: Recognition and Measurement
- IFRIC 17 – Distributions of Non-Cash Assets to Owners
- Annual improvements to IFRSs for 2008 and 2009, to the extent that they are effective at January 1, 2010

The first-time application of these revised and new standards had no effect on these financial statements.

The other issued new and revised IFRS, which become effective after 2010, were not adopted early and, based on a preliminary assessment, will have no effects on the consolidated financial statements of COMET.

COMET HOLDING AG
Herrengasse 10, CH-3175 Flamatt
T +41 31 744 90 00, **F** +41 31 744 90 90
info@comet.ch, www.comet.ch

Special charges

In 2009, non-recurring expenses from restructuring and efficiency improvement measures were shown separately as special charges in the consolidated income statement and in the segment reporting. No further special charges were incurred in the first half of 2010 from these measures or from new initiatives, and none are expected to be incurred for the second half of the year.

Basis of consolidation

During the first half of 2010, as in the prior-year comparative period, no businesses were acquired or divested.

Estimates

The preparation of the half-year report requires assumptions and estimates by management, which were made on the basis of the best knowledge and of all information then available. Adjustments to assumptions and estimates can have a material impact on future results, as such adjustments are recognized in the reporting period during which the assumptions and estimates change.

Seasonality of business

COMET's business is not subject to material seasonal fluctuation. Details on the course of business by segment are provided earlier in this report.

Foreign currency translation

The following exchange rates were used to translate the major currencies into Swiss francs:

		Closing rate			**Average rate six months to**	
		June 30, 2010	Dec. 31, 2009	June 30, 2009	**June 30, 2010**	June 30, 2009
USD	1	**1.083**	1.034	1.082	**1.083**	1.132
EUR	1	**1.321**	1.483	1.526	**1.438**	1.505
CNY	1	**0.159**	0.151	0.158	**0.159**	0.166
JPY	100	**1.223**	1.110	1.129	**1.188**	1.188
DKK	1	**0.177**	0.199	0.205	**0.193**	0.202

COMET HOLDING AG
Herrengasse 10, CH-3175 Flamatt
T +41 31 744 90 00, **F** +41 31 744 90 90
info@comet.ch, www.comet.ch

Segment reporting

For management purposes the Group is divided into two divisions, based on the products and services offered. The Group has the following reportable segments:

- The Modules & Components segment produces and markets components and modules for industrial X-ray applications, vacuum capacitors for a wide range of uses, and RF modules for semiconductor fabrication plants.
- The Systems segment is a global vendor of systems and services for non-destructive testing using X-ray technology and computed tomography.

The segment results include all income and expenses which can be directly allocated to a segment. The other income and expenses are shown in the Corporate column. Non-operating income and expenses, such as financing income and expenses and income tax, are managed at Group level and not allocated to the business segments.
The segment assets represent only the directly attributable operating assets (including non-current assets). The other assets are managed at Group level and shown in the Corporate column.

COMET HOLDING AG
Herrengasse 10, CH-3175 Flamatt
T +41 31 744 90 00, **F** +41 31 744 90 90
info@comet.ch, www.comet.ch

Six months to June 30, 2010	Modules & Components division	Systems division	Eliminations	Corporate	Consolidated
Net sales					
External net sales	55'111	42'073		-	97'183
Intersegment sales	8'662	1'831	-10'494	-	-
Total net sales	**63'773**	**43'904**	**-10'494**	**-**	**97'183**
Earnings					
Segment operating income	11'170	-2'803	-697		7'670
Unallocated costs				-1'372	-1'372
Operating income/(loss) (EBIT)	**11'170**	**-2'803**	**-697**	**-1'372**	**6'298**
Depreciation and amortization	2'162	2'007	-	1'833	6'002
EBITDA	**13'332**	**-796**	**-697**	**461**	**12'300**
Segment assets	**66'438**	**94'373**	**0**	**60'364**	**221'174**
Additions to fixed assets					
Property, plant and equipment	765	182	-	287	1'234
Intangible assets	47	11	-	282	340

Six months to June 30, 2009	Modules & Components division	Systems division	Eliminations	Corporate	Consolidated
Net sales					
External net sales	28'179	42'039		-	70'218
Intersegment sales	7'331	1'392	-8'724	-	-
Total net sales	**35'510**	**43'432**	**-8'724**	**-**	**70'218**
Results					
Segment operating income	-577	-5'059	-333		-5'969
Unallocated costs				-785	-785
Operating (loss)/income before special charges	**-577**	**-5'059**	**-333**	**-785**	**-6'754**
Special charges	-3'431	-2'713	-		-6'144
Operating (loss)/income (EBIT)	**-4'008**	**-7'772**	**-333**	**-785**	**-12'898**
Depreciation and amortization	3'328	2'183	-	1'707	7'218
EBITDA	**-681**	**-5'589**	**-333**	**922**	**-5'680**
Amortization excl. special charges	2'188	2'076	-	1'707	5'971
EBITA before special charges	**1'611**	**-2'984**	**-333**	**922**	**-783**
Segment assets	**54'662**	**108'138**	**0**	**66'050**	**228'850**
Additions to fixed assets					
Property, plant and equipment	555	203	-	279	1'037
Intangible assets	1	25	-	1'248	1'275

COMET HOLDING AG
Herrengasse 10, CH-3175 Flamatt
T +41 31 744 90 00, **F** +41 31 744 90 90
info@comet.ch, www.comet.ch

Current and long-term debt

In the first half of 2010 COMET repaid a net CHF 3.1 million of debt. In the reporting period, a mortgage loan of CHF 3 million maturing in 2010 was renewed for a 10-year term at a fixed rate of interest.

Shareholders' equity

Contingent capital

In the first half of 2010 there was no change in contingent capital, which the Board of Directors is authorized, without time limit, to issue in order to meet existing or future obligations under share-based payment plans to staff and management. The contingent capital continues to amount to 17,520 shares, or CHF 175,200.

In payment of a portion of the compensation of the Board of Directors for 2009, a total of 1,164 shares were transferred out in the first half of 2010. The shares required for this were purchased in May on the stock market and then transferred entirely to the blocked securities accounts of the recipients. COMET thus held no treasury stock at the reporting date.

Dividend payment

The Annual Shareholder Meeting on April 21, 2010 approved payment of a dividend of CHF 0.50 per share (prior year: CHF 3.00). COMET HOLDING AG paid the dividend totaling CHF 379 thousand on April 28, 2010.

Events after the balance sheet date

At its meeting on August 12, 2010 the Board of Directors approved these interim financial statements for publication.

Disclaimer

This document contains forward-looking statements about the COMET Group that may be subject to uncertainty and risk. Readers should therefore be aware that actual future outcomes or events may deviate from such statements. Forward-looking statements in this document are projections of possible future developments. All forward-looking statements are made on the basis of information available to COMET at the time of preparation of this document. The COMET Group assumes no obligation whatsoever to update or revise forward-looking statements in this document, whether as a result of new information, future events or otherwise.

COMET HOLDING AG
Herrengasse 10, CH-3175 Flamatt
T +41 31 744 90 00, **F** +41 31 744 90 90
info@comet.ch, www.comet.ch